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CONGRESSMAN FOR GEORGIA'S 4TH DISTRICT

RESOURCES FOR NONPROFITS AND CHURCHES IN THE CARES ACT

Makes Small Business Loans Available to Nonprofits

The CARES Act amends the Small Business Administration's eligibility requirements to include nonprofits, making 501(c)(3)s, including churches and veterans' organizations, eligible for both 1) emergency small business loans and 2) Economic Injury Disaster Loans.

- 1) Emergency Business Loans: "SBA 7(a) loans" provide funding for special emergency loans of up to \$10 million. This loan can be used to support payroll—including employee salaries and paid sick leave—insurance premiums, and mortgage rent and utility payments. They may be forgiven in whole or in part in certain circumstances, provided that the employer maintain employment between February 15 and June 30, essentially turning the loan into a grant.
- 2) Economic Injury Disaster Loans: EIDLs offer up to \$2 million in assistance, which can be used to help overcome temporary loss in revenue caused by COVID-19. The loans may be used to pay fixed debts, payroll, and accounts payable, among other obligations. The interest rate is 2.75% for nonprofits, and the term is up to 30 years as determined on a case-by-case basis. It takes an average of 2 weeks to apply and get approved for the loan, plus 5 days for closing and first payment. Once approved, EIDL recipients can defer payment on the loan for up to 12 months. The CARES Act eliminates creditworthiness requirements and appropriates an additional \$10 billion to the EIDL program in order to extend to eligible nonprofits.

Unemployment Relief to Nonprofits

The CARES Act provides payments to states to reimburse nonprofits for half of the costs they incur through December 31, 2020 to pay unemployment benefits.

Charitable Giving Incentives

The CARES Act includes a new above-the-line deduction for total charitable contributions to incentivize charitable giving. This provision encourages Americans to contribute to churches and charitable organizations in 2020 by permitting them to deduct up to \$300 of cash contributions. It also lifts the existing cap on annual contributions for those who itemize, raising it from 60 percent of adjusted gross income to 100 percent. For corporations, the annual limit is raised from 10 percent to 25 percent. Food donations from corporations will be available up to 25 percent, up from the current 15 percent cap.

Unemployment Support for Nonprofit Organizations and State, Tribal, and Local Government

Most nonprofits do not pay per-worker unemployment taxes and instead have “reimbursable arrangements” with state unemployment programs, requiring them to reimburse the state for 100% of unemployment compensation paid to their laid off workers. During the pandemic, the federal government will pay half of the reimbursement for those workers, so their employers can follow public health recommendations. Workers at these organizations are also eligible for the Federal Pandemic Unemployment Compensation supplement or \$600-a-week.